

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AGR-05 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

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R 161615Z JAN 76

FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC 5268

INFO AMEMBASSY BUCHAREST

C O N F I D E N T I A L BELGRADE 0285

SECSTATE PASS AGRICULTURE FO FAS CEP, O&P, G&F

E.O. 11652: NA

TAGS: EAGR YO RO

SUBJ: CCC CREDIT FOR WHEAT AND SOYBEAN OIL

REF: (A) BELGRADE 6662, (B) BELGRADE 102, (C) FASTO 3

1. DIMITAR VLAHOV, COUNSELOR, FEDERAL SECRETARIATE FOR FOREIGN TRADE, REQUESTED AG ATT TO MEET FOR FURTHER DISCUSSIONS CONCERNING YUGOSLAV CCC CREDIT REQUIREMENTS. VLAHOV STATED THAT FEDERAL COMMITTEE FOR AGRICULTURE HAS COMPLETED ITS ANALYSIS OF SUPPLY-DEMAND SITUATION AND HAS DETERMINED THE NEED TO IMPORT 500,000 TONS OF HARD WHEAT AND 100,000 TONS OF SOYBEAN OIL FOR CCC CREDIT.

2. WHEN QUESTIONED ABOUT THE NEED TO IMPORT AN ADDITIONAL 500,000 TONS OF WHEAT IN LIGHT OF THE RECENT 200,000 PURCHASE FROM ROMANIA, VLAHOV INDICATED THAT PART OF THE 200,000 TONS OF HARD WHEAT RECEIVED FROM ROMANIA WILL BE PAID FOR WITH SOFT WHEAT AND OTHER COMMODITIES. VLAHOV STATED THAT QUALITY OF THE 1975 CROP WAS EVEN LOWER THAN EXPECTED AND A LARGER AMOUNT OF WHEAT WILL HAVE TO BE USED FOR LIVESTOCK FEED. IN ADDITION, DESPITE CURRENT GOOD CONDITION OF WINTER WHEAT, FCA IS CONCERNED ABOUT CROP OUTLOOK. WHILE SOIL MOISTURE CONDITIONS ARE STILL SATISFACTORY, DECEMBER AND FIRST HALF OF JANUARY HAVE BEEN WARMER AND DRIER

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THAN NORMAL. ALSO, WHEAT LACKS PROTECTIVE SNOWCOVER. THUS,

WEATHER CONDITIONS IN LAST HALF OF JANUARY AND FEBRUARY WILL BE VERY IMPORTANT FOR 1976 WHEAT CROP.

3. VLAHOV WAS UNSURE ABOUT REQUIRED DELIVER PERIODS BUT INDICATED HE WOULD CHECK. HE STATED THAT YUGOSLAVIA HAS RECEIVED OFFERS OF EUROPEAN WHEAT BUT THEY WERE FOR CASH AND YUGOSLAVIA IS INTERESTED IN PURCHASES FOR CREDIT. IN EARLIER DISCUSSIONS, FSFT, FDFR AND TRADE (REF B) HAVE ALL STATED THAT THE QUANTITY OF WHEAT TO BE IMPORTED WILL DEPEND ON WHEAT PRICES, AVAILABILITY AND TERMS OF CREDIT. THEREFORE, WE FEEL THAT A LACK OF CREDIT WOULD NOT ONLY REDUCE IMPORTS BUT COULD ALSO RESULT IN SHIFT TO EUROPEAN WHEAT.

4. DURING A MEETING BETWEEN IVO KUSTRAK, PRESIDENT FCA AND CONGRESSMAN PAUL FINDLEY ON JAN 16, MR. KUSTRAK STATED YUGOSLAVIA IS INTERESTED IN US CREDIT FOR IMPORT OF WHEAT.

5. THE NEED TO IMPORT 100,000 TONS OF SOYBEAN OIL IS NOT SURPRISING IN LIGHT OF THE SHORT SUNFLOWERSEED CROP. IN FACT, PRESS REPORT INDICATED THAT FOUR OILSEED CRUSHING FACILITIES WOULD HAVE TO BE CLOSED BECAUSE OF LACK OF OILSEEDS. THESE PLANTS REPORTEDLY NEED ABOUT 75,000 TONS OF SOYBEANS OR RAPESEED. THE ARTICLE CONTINUES THAT THERE WILL BE NO SHORTAGE OF VEGETABLE OIL SINCE SUFFICIENT QUANTITIES OF UNREFINED VEGETABLE OILS ARE BEING IMPORTED. VLAHOV INDICATED THAT FSFT IS VERY INTERESTED IN MEETING WITH VEGETABLE OIL TEAM (REF C).

6. PLEASE SUPPLY CURRENT CCC INTEREST RATE.

7. A FORMAL REQUEST TO ESTABLISH LINE OF CREDIT WILL BE TRANSMITTED THROUGH YUGOSLAV EMBASSY IN WASHINGTON. SILBERMAN

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Message Attributes

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